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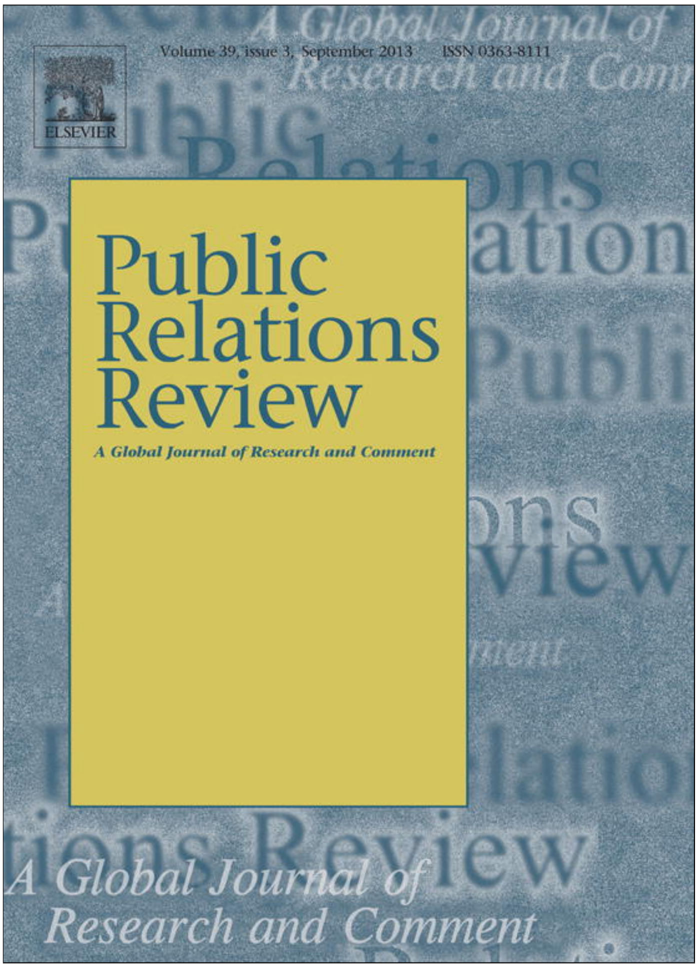

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Research in Brief

A model of an organization–public relationship for the banking industry

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ABSTRACT

This study was designed to investigate the efficacy of healthy relationship outcome indicators—control mutuality, satisfaction, trust, and commitment—on a public's behavior and attitude toward the banking industry. The relationships between five national retail banks and their customers were measured to test for effects on customers' attitudes and behavior. Results indicated that all four of the relationship outcome indicators played a significant role in predicting publics' attitudes toward most of the banks examined.
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Banking is the largest industry sector in the world. In the 2008–2009 financial year, the value of assets among the 1000 largest banks in the world was $96.4 trillion (Said, 2012). However, due to adverse market conditions, the value of the banking industry has been shrinking, experiencing an 87% decrease in profits from the previous year. Now more than ever, banks are interested in cultivating positive relationships with their publics to retain existing customers and gain new ones (Barnes, 1997).

In the public relations arena, a few previous studies have applied a relationship management perspective to the banking industry. For example, Bruning (2000) examined the influence of bank–customer relationships on intended behavior outcomes and found that customers demonstrating a high relational orientation were more likely to evaluate the bank positively and remain customers. However, tests of the relationship between one bank and its customers may not be genearalizable to the entire industry. As the public's attitudes, opinions, and behaviors have generally been regarded as the key outcomes of a public relations program (Ki & Hon, 2009), studies have attempted to evaluate these key outcomes as an effect of the bank–customer relationship. However, as Ki and Hon (2007) noted, inconsistencies exist in the literature when *relationship* is measured. More importantly, most studies have treated and measured relationship perception, attitude, and behavior separately (e.g., Ledingham & Bruning, 1998).

Therefore, the purpose of this study has been to test the linkages among relationship perception, attitude, and behavior across multiple banks and their customers using a single model. Specifically, this study examined five banks ranked in the top 10 in 2009. By comparing models with the five different banks, a more reliable and generalizable model could be found. The following two hypotheses were proposed.

Hypothesis 1. Respondents demonstrating more favorable perceptions of their relationship with their primary bank will also display more favorable attitudes toward the bank.

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Hypothesis 2. Respondents with more favorable attitudes will display more supportive behaviors toward their primary bank.

1. Method

1.1. Data collection

This study was designed to test a model linking relationship quality perception, attitude, and behavioral intention in the banking industry. Data were collected from individuals who indicated that they had a relationship with their primary bank. Five banks ranked in top 10 lists in 2009 were chosen as organizations for examination in the study. Contact information for 8000 randomly selected bank customers in the United States was purchased from a commercial source. Each individual on the list received an invitation to fill out an electronic version of the questionnaire prepared for this study. They were then asked to answer questions regarding the quality of their relationship with their primary bank and their attitudes and behavior intentions toward the bank. Of the invited customers, 1178 participated in the research, resulting in a 14.7% response rate.

1.2. Measures

This research used Hon and Grunig's (1999) guidelines for measuring the relationship quality perception. Attitude toward the bank was defined as a public's overall evaluation of its primary bank. Participants were asked to rate their agreement in response to four attitude measurement items. An example of the measurement statements included "[Name of the bank] is useful to me." This study adopted a three-item scale from Zeithaml, Perry, and Parasuraman (1996) to measure publics' behavioral intentions toward the banks. The original scale was modified for the purpose of the current research. For each of measures used in this study, a nine-point, Likert-type scale was used (1 = strongly disagree to 9 = strongly agree). This study used the composite scores for each of the variables for further analysis.

2. Findings

2.1. Regression analysis

The regression analysis results evaluate customers' attitudes toward the five individual banks and toward all banks combined. All six of the models explained significantly high portions of variances (adjusted R^2 = .748, .729, .734, .684, .681, and .712 for *Bank A*, *Bank B*, *Bank C*, *Bank D*, *Bank E*, and *All Banks*, respectively). These high R^2 values provide the competitive advantage of a high prediction power.

The first model (*Bank A*) shows that control mutuality, satisfaction, and trust were significant predictors of participants' attitudes toward their bank. However, commitment was not a significant predictor of attitude. With the second and third models (*Bank B* and *Bank C*), all of the relationship variables were found to be significant predictors of attitude. With the fourth model (*Bank D*), only satisfaction and commitment were significant predictors of attitude. In the fifth model (*Bank E*), all relationship indicators with the exception of trust were significant predictors of attitude. Finally, the last model (*All Banks*) demonstrated that all four of the relationship indicators were significant predictors of attitude. Interestingly, when control mutuality acts as a significant predictor, the variable is negatively associated with attitude.

2.2. Model test

The linkages among relationship perception, attitude, and behavioral intentions were tested using structural equation modeling with maximum likelihood estimation. The model tested included four exogenous variables—control mutuality, satisfaction, trust, and commitment—and two endogenous variables—attitude and behavioral intentions.

Hypothesis #1 relates to the link between relationship perception and attitude, and Hypothesis #2 relates to the link between attitude and behavioral intentions. Both hypotheses were strongly supported. Of the four relationship indicators, satisfaction most strongly and significantly affected attitude across all tested models (β = .79, β = .46, β = .45, β = .27, β = .47, β = .47, respectively). Commitment was another significant predictor of attitude across all models tested with the exception of Bank A (β = .31, β = .47, β = .43, β = .43, β = .41 from Bank B to All Banks, respectively). As in the regression analysis, control mutuality negatively affected attitude when it was found to be a significant predictor. Trust was determined to be a significant predictor of attitude in four of the models tested—Bank A, Bank B, Bank C, and All Banks. Attitude was found to be a very strong predictor of behavioral intentions across all of the tested models, and standardized coefficients' values (βs) ranged from .79 to .88. The fit of the model according to the given fit indices, including CFI, GFI, and NFI, met the satisfaction level for all tested models.

3. Discussion and conclusion

This study helps to elucidate the effectiveness of building healthy relationships between an organization and its key publics. In particular, this study illustrates the potential impact of relationship quality on attitude and behavior in the retail

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banking industry. The organizations examined in this study included five national retail banks, and the key public examined consisted of the banks' customers. This study used regression analysis and SEM to analyze the data, and both these analyses revealed consistent results. Across all of the tested models, satisfaction played a significant role in predicting the attitudes of key publics toward their primary banks. Also, trust and commitment were significant predictors of attitude for most of the models tested in this study. Interestingly, however, control mutuality was shown to negatively impact attitude when it was significant. As predicted, attitude was a strong indicator of behavioral intentions. The results of this study hold several implications for public relations practice and scholarship examining the topic of relationship management.

Of the four relationship indicators proposed by Hon and Grunig (1999), customers' perceptions of relationship satisfaction were a key predictor of customers' positive attitudes toward their banks, which influenced behavioral intentions. This result implies that customers with strong perceptions of relationship satisfaction with their banks were more likely to evaluate the banks positively. More importantly, these links—relationship satisfaction, attitude, and behavioral intentions—indicate that customers' satisfaction with their banks can engender positive attitudes, which can then yield supportive behaviors toward the bank. This finding indicates that customers demonstrating higher levels of satisfaction regarding their relationships with their primary banks are more likely to remain customers, even when comparable bank choices are available. In addition, satisfied customers are more likely to recommend their banks to others. This finding reflects those of Bruning's (2000) study, which evaluated the relationship between a bank and its customers. Bruning (2000) revealed that customers demonstrating more positive relationships were also more likely to evaluate their bank positively and continue to patronize the bank.

Surprisingly, this study found that the control mutuality of the bank customers' perceptions negatively affected supportive attitudes, which influence behavioral intentions. This finding indicates that if the bank customers perceive a higher degree of empowerment, they are less likely to form positive attitudes toward the bank. This counterintuitive finding could be explained by the relationship characteristics examined in this study. In reality, bank customers tend to have limited opportunities for direct contact with the decision makers or managerial personnel at their banks. Additionally, many banks utilize technological-based banking methods (such as automated transfer machines, or ATMs), thus reducing human contact between bank personnel and customers. Considering this circumstance, control mutuality may not be reflective of customers' attitudes and behavioral intentions.

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